

Exhibit N

2014 HCR Impact Items

No	Benefit	Description	Range of Premium Impact (as compared to current IND plans)
Claims Impact Items			
	Guaranteed Issue	Health status change from new entrants into the insured market (uninsured that were declined coverage, current high risk pools HIPPA or small employer business) and adverse selection by plan. Varies by state.	+35% to +60%
	Essential Health Benefits	Requirement to meet the coverage of the state benchmark plan, drivers are maternity	+4% to +8%
	Reinsurance Program	Anticipated payments for customers with accumulated claims between \$60k and \$250k (80% reimbursement for claims in this range)	-10% to -13%
Expense Impact			
	New ACA fees	Reinsurance fee (\$5.25), Risk Adjustment user fee (\$0.08), PCORI fee (\$0.17), Industry fee (2.2%), exchange fees (FFE 3.5%)	+4% to +7%
Customer Level Impact			
	Variance by age/benefits	- age sloping of 3 to 1: neutral across the book - younger ages will see higher increases, older ages lower increases - plan design richness: neutral across the book - leaner plans will see higher increases due to utilization neutral requirement	



ACA Tax will Increase Premiums

July 31, 2012

Taxation of National Insurers Will Hurt Consumers

I. Increase Premiums

II. Decrease Jobs

III. Decrease Choice

IV. Other Background

The ACA Health Insurer Tax Will Increase Premiums

Estimated Tax Impacts

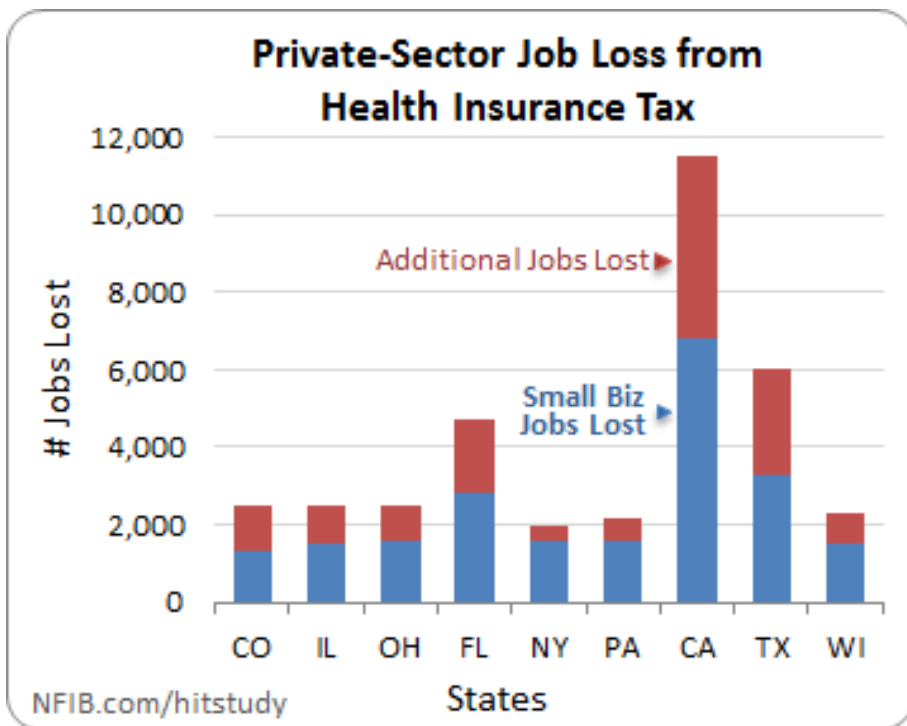
- On average, the ACA Health Insurer Tax will cost each family about \$5,000 in higher premiums over the decade. (Doug Holtz-Eakin, Former CBO Director)
- Eliminating this tax could decrease the average family premium in 2016 by up to \$400. (JCT)
- This tax will not only increase the cost of Medicaid Managed Care plans, but also pass higher costs onto states. States could be responsible for paying up to \$4.1 billion and the Federal Government could be responsible for paying up to \$6.4 billion. (MHPA)
- Medicare Advantage and Part D plans will also be negatively impacted. Medicare Advantage plans will pay between \$16-20 per member per month in 2014 and up to \$32-42 per member per month as a result of this tax. (AHIP)

For every 10% increase in an employee's out-of-pocket premium, approximately 1% will drop coverage entirely. (NCBI)*

HIT Tax Cost	2014	2015	2016	2017	2018	Indexed
	\$8B	\$11.3B	\$11.3B	\$13.9B	\$14.3B	Proceeding year increased by rate of premium growth

The Health Insurer Tax (HIT) Will Decrease Jobs

The ACA Health Insurer Tax impacts costs for 2 million small businesses, 12 million employees and the self employed who purchase in the individual market, and 26 million employees with employer coverage.*



87% of small businesses purchase in the fully insured marketplace.

59% of job loss after the tax falls on small businesses.**

The HIT is projected to cost 125,000 to 249,000 private sector jobs nationwide by 2021.

**Firms with fewer than 500 employees

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Unequal Distribution of Health Insurer Tax Will Trigger Higher Premiums for Customers of National Insurers and Decrease Choice

Different types of insurers already face an unlevel income tax playing field

- National insurers face highest marginal rates: 35%
- [REDACTED] section 833 Tax Plans pay 20%* [REDACTED]
- Tax exempt plans – [REDACTED] – pay 0%

The non-deductibility of the new ACA tax means customers of national insurers will face higher premium increases. For each \$1 in ACA tax owed:

- Nationals must collect \$1.54 from customers to pay \$0.54 in income tax and \$1.00 in ACA tax
- [REDACTED] section 833 Plans must collect \$1.25 to pay \$0.25 in income tax and \$1.00 in ACA tax
- Tax exempt [REDACTED] plans only need to collect \$1.00 for every \$1.00 in ACA tax because they do not pay income taxes

Customers of national insurers also are disproportionately burdened because the total tax allotted – \$8 billion – in 2014 is unevenly allocated

- Nationals assessed tax on 100% of their market share
- Tax exempts – [REDACTED] – assessed only 50% of their market share. Therefore, tax exempts would only need to collect fifty cents from their members for every dollar of tax that they would have been assessed . The end result is that customers of national insurers could face premium increases of 3X tax exempt customers.

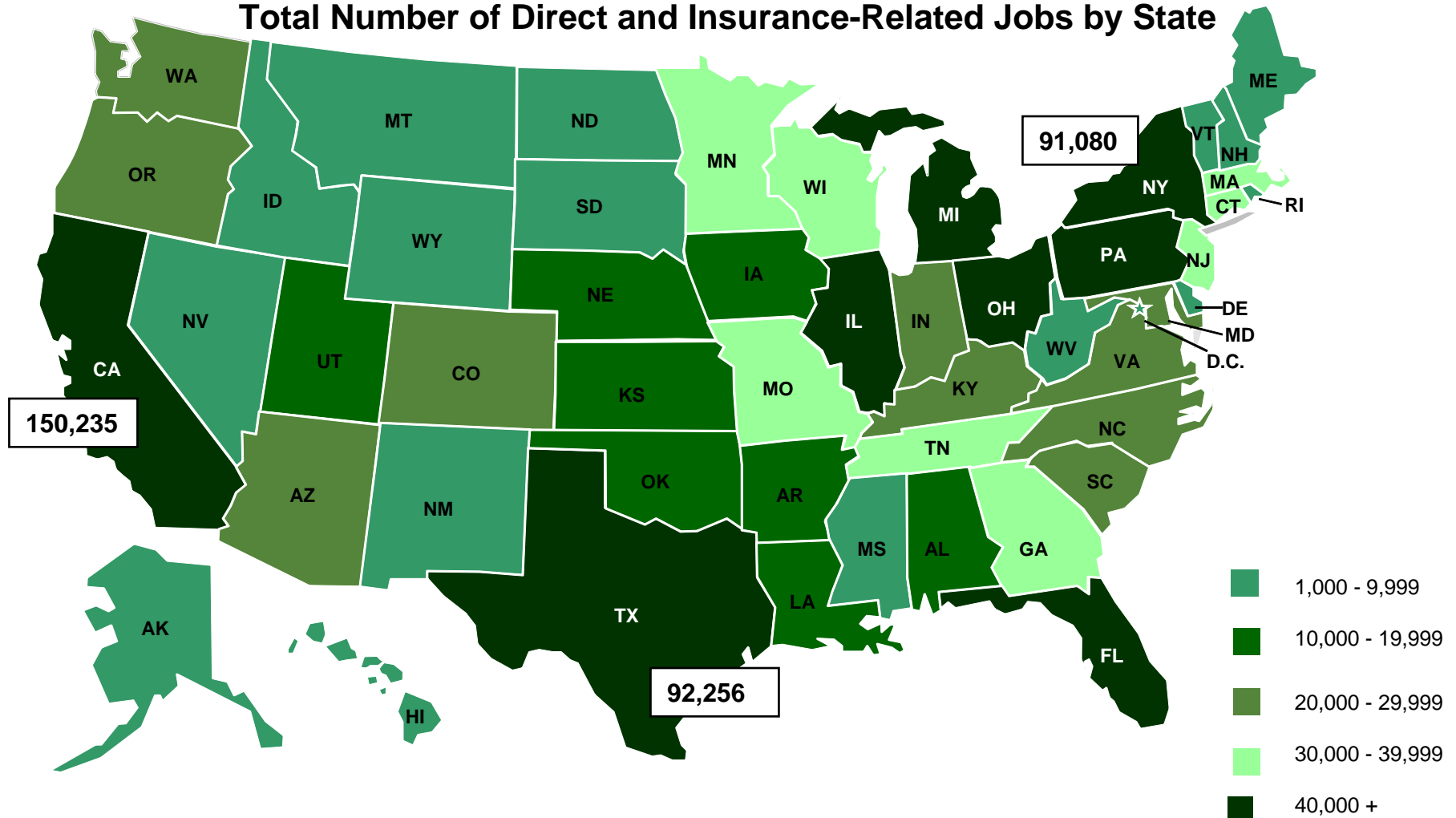
Consumers may no longer be able to afford their primary insurance choice because of this tax inequity.

* The special 833 tax status was originally intended as a “transitional” tax rate.

Other Background

Over 1,385,244 Workers Nationwide Related to Insurance

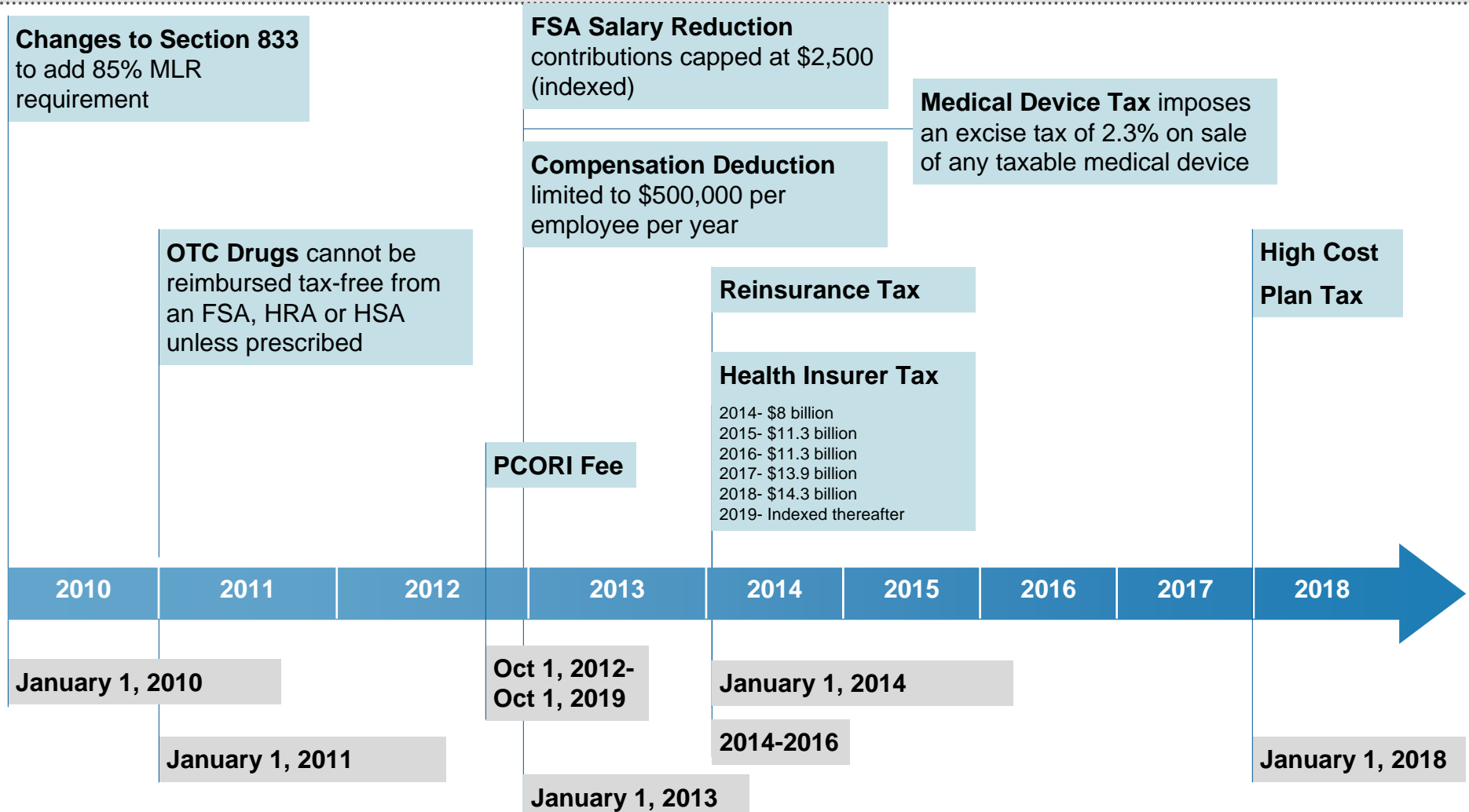
Total Number of Direct and Insurance-Related Jobs by State



Source: AHIP *Health Insurance: Overview and Economic Impact in the States*, September 2011

Data Includes: Direct Health and Medical Insurance Carriers, HMO Medical Carriers, Insurance Brokers and Agents, Reinsurance Carriers, Claims Adjusting, and Third-Party Administration of Insurance and Pension Funds.

Numerous New ACA Taxes Impact Consumers



NEW FEES AND TAXES – EMPLOYERS AND INSURERS

	Health Insurance Industry Fee	Reinsurance Assessment	Comparative Effectiveness Research Fee
Overview	<ul style="list-style-type: none"> Annual fee on all insured plans beginning 1/1/14 Includes Dental/Vision Excludes ASO and stop-loss Full amount built into rates for plans 1/1/14+ Partial load for plans effective in 2013 based on portion of premium earned in 2014 	<ul style="list-style-type: none"> Annual per capita fee on insured and self-insured plans Excludes Dental/Vision FI: Full amount built into rates for 1/1/14+; partial load in 2013 ASO: Client is liable but [REDACTED] submits payment on their behalf 	<ul style="list-style-type: none"> Annual fee on insured and self-insured plans beginning on/after 10/2/11 HRA/FSA nuances FI: [REDACTED] pays, built into premium rates ASO: Client must calculate and pay own fee
Effective	2014	2014-2016	Plan years beginning on or after 10/2/2011 <ul style="list-style-type: none"> First payable for many plans 7/31/13
Cost Impact	<ul style="list-style-type: none"> 2 - 2.5% of premium in 2014 Increasing to 3 - 4% in future years NOT tax-deductible 	<ul style="list-style-type: none"> \$60 - \$90 PMPY in 2014 \$40 - \$60 PMPY in 2015 \$25 - \$35 PMPY in 2016 IS tax-deductible 	<ul style="list-style-type: none"> Annual fee of \$1, then \$2 indexed, per participant until 2019

NEW FEES AND TAXES - EMPLOYER ONLY

	Elimination of the Medicare Part D Employer Subsidy for Rx	Employer Mandate	“Cadillac” Tax
Overview	<ul style="list-style-type: none"> Eliminates deduction for Medicare Part D employer subsidy for retiree prescription drug coverage 	<ul style="list-style-type: none"> Fines employers with 50+ full-time equivalent employees who do not provide affordable (costs less than 9.5% of employee’s W-2 wages), “minimum value” (covers 60%+ of costs) coverage <p>Penalties:</p> <ul style="list-style-type: none"> No coverage: \$2,000 per FTE (minus first 30) Not affordable and/or not minimum value: Lesser of \$3,000 per FTE receiving tax credit or \$2,000 per FTE (minus first 30) 	<ul style="list-style-type: none"> Imposes an additional excise tax on plans with generous coverage levels A 40% excise tax on high cost health plans that exceed \$10,200 for individual and \$27,500 for family coverage
Effective	2013	2014	2018
Cost Impact	<ul style="list-style-type: none"> Varies by employer 	<ul style="list-style-type: none"> Depends if employer needs to adjust plan to be compliant or is penalized 	<ul style="list-style-type: none"> Actual impact TBD based on final regulatory guidance

NEW RESTRICTIONS, PENALTIES AND TAXES – INDIVIDUALS ONLY

	Unearned Investment Income	FSA Limits	Medical Expense Deduction	Individual Mandate
Overview	Tax on investment income Adjusted Gross Income (AGI) over \$200,000/ individuals or \$250,000/joint filers	Limits each person's annual health care FSA contribution	Raises limit	Requires individuals to obtain "minimum essential coverage"
Effective	2013	2013	< Age 65 – 2013 > Age 65 – see below	2014
Cost Impact	3.8% tax	\$2,500 limit per employed person. Indexed to inflation after 2013	<ul style="list-style-type: none"> • For those under age 65, 10% of AGI • Remains 7.5% for age 65+, plus spouses, through 2016 	<p>2014: Greater of \$285 (\$95 per adult and \$47.50 per child) or \$410 (1% of income over tax-filing threshold)</p> <p>2015: Greater of \$975 (\$325 per adult and \$162.50 per child) or \$820 (2% over threshold)</p> <p>2016: Greater of \$2,085 (\$695 per adult and \$347.50 per child) or \$1,025 (2.5% over threshold)</p>

NEW RESTRICTIONS, PENALTIES AND TAXES – INDIVIDUALS ONLY

	Tanning Tax	Over-the-counter (OTC) Drugs for FSA, HRA, HSA	Non-health Expense Withdrawals: HSAs/ Archer MSAs	Medicare Payroll Tax
Overview	Excise tax for indoor tanning services	Restricts reimbursements for OTC drugs from health accounts unless the individual has a prescription	Increases penalty for non-qualified withdrawals from health accounts	Additional Medicare tax for individuals with compensation over \$200,000 or joint filers over \$250,000
Effective Date	2010	2010	2011	2013
Cost Impact	10% tax	Impact will vary by individual	20% penalty (increased from 10%)	0.9% tax